

1 William B. Abrams
2 end2endconsulting@gmail.com
3 1519 Branch Owl Place
4 Santa Rosa, CA, 95409
5 Tel: 707 397 5727

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U.S. BANKRUPTCY COURT
SANTA ROSA, CA

Claimant and

6 *Party to California Public Utilities Commission Proceeding I.19-09-016 to Consider the Ratemaking*
7 *and Other Implications of a Proposed Plan for Resolution of Voluntary Case filed by Pacific Gas and*
8 *Electric Company, pursuant to Chapter 11 of the Bankruptcy Code, in the United States Bankruptcy*
9 *Court, Northern District of California, San Francisco Division, In re Pacific Gas and Electric*
10 *Corporation and Pacific Gas and Electric Company, Case No. 19- 30088.*

11 *Party to California Public Utilities Commission Proceeding I.15-08-019 to Determine whether*
12 *Pacific Gas and Electric Company and PG&E's Corporation's Organizational Culture and*
13 *Governance Prioritizes Safety*

14 **UNITED STATES BANKRUPTCY COURT**
15 **NORTHERN DISTRICT OF CALIFORNIA**
16 **SAN FRANCISCO DIVISION**

17 **In re:**

18 **PG&E CORPORATION,**

19 **-and-**

20 **PACIFIC GAS AND ELECTRIC**
21 **COMPANY,**

22 **Debtors.**

- 23 ☐ Affects PG&E Corporation
24 ☐ Affects Pacific Gas and Electric Company
25 ☒ Affects both Debtors

26 ** All papers shall be filed in the lead case,*
27 *No. 19-30088 (DM)*
28

Bankr. Case No. 19-30088 (DM)
Chapter 11
(Lead Case)
(Jointly Administrated)

WILLIAM B. ABRAMS OBJECTION
PURSUANT TO 11 U.S.C §§ 1129(A)
AND U.S.C. §§ 1125 TO PROPOSED
DISCLOSURE STATEMENT FOR
DEBTORS' AND SHAREHOLDER
PROPONENTS' JOINT CHAPTER
11 PLAN OF REORGANIZATION
[Dkt. 5700]

Hearing

Date: March 10, 2020
Time: 10am PST
Place: Courtroom 17
450 Golden Gate Ave., 16th Floor
San Francisco, CA, 94102

1 **PLEASE TAKE NOTICE** that Pacific Gas and Electric Company (PG&E, Debtor) issued
2 their “disclosure statement” void of any “reasonable assurance of success”. This disclosure statement
3 does not in any way meet US Bankruptcy Code § 1129. Section 1129(a)(11) provides, “The court
4 shall confirm a plan only if all of the following requirements are met: Confirmation of the plan is not
5 likely to be followed by the liquidation, or the need for further reorganization, of the debtor or any
6 successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the
7 plan.”

8 **PLEASE TAKE FURTHER NOTICE** that the disclosure statement is not in keeping with
9 U.S.C. §§ 1125 and must contain “adequate information”. “Adequate Information” means
10 information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature
11 and history of the debtor and the condition of the debtor's books and records. Simply stated, this
12 disclosure statement is a one-sided document that makes no attempt to disclose Debtors’ risks or
13 victim risks inherent in the plan of reorganization or the risks associated with the victim trust.

14 **PLEASE TAKE FURTHER NOTICE** that on March 6, 2020, William B. Abrams,
15 claimant, victim and PG&E wildfire survivor, files this objection to the disclosure statement on the
16 basis that it is patently unconfirmable due to a complete lack of financial viability as a plan for
17 reorganization and unconfirmable on its face given its complete failure to address feasibility
18 standards required by § 1129. Debtors have not articulated how they will address Pacific Gas and
19 Electric Company’s neglected infrastructure, business process issues, lack of safety orientation and
20 growing wildfire/climate change risks which makes their financial position untenable and infeasible.

21 **PLEASE TAKE FURTHER NOTICE** that on September 20, 2001, Debtor filed
22 “Disclosure Statement for Plan of Reorganization under Chapter 11 of the bankruptcy code for
23 Pacific Gas and Electric Company proposed by Pacific Gas and Electric Company and PG&E
24 Corporation” and did not address § 1129 issues at that time.¹ Neither this earlier plan nor the current
25 disclosure statement sufficiently discloses internal or external risks to the company. William B.
26 Abrams contends that it is this lack of consideration of § 1129 issues in this prior proceeding that
27 precipitated the need for PG&E to reenter bankruptcy. Furthermore, given the PG&E compounded
28 deferred maintenance/negligence across their infrastructure and increasing pace of climate change, if
these issues are not sufficiently addressed in this current plan, PG&E will reenter bankruptcy yet
again within 2 years.

PLEASE TAKE FURTHER NOTICE that subsequent to the passage of AB1054 by the
California Legislature on July 11, 2019 and approved by the Governor, PG&E has caused extensive
wildfires likely including the most recent Kincade Fire on October 23, 2019.² Over the past 6 years,
PG&E has caused over 1,500 California Wildfires. In point of fact, the minimal \$21B wildfire fund
established in AB1054 still leaves PG&E highly exposed to considerable near-term financial risks
necessitating a reentry into bankruptcy within the next two years if the plan stands as submitted to the
Court.

¹ See “Disclosure Statement for Plan of Reorganization Under Chapter 11 of the Bankruptcy Code for Pacific Gas and Electric Company Proposed by Pacific Gas and Electric Company and PG&E Corporation”, Filed September 20, 2001, United States Bankruptcy Court, San Francisco, CA

² California Assembly Bill No. 1054, Published July 12, 2019, Signed by Governor Newsom on July 12, 2019

1 **PLEASE TAKE NOTICE** that the following is in direct response to the Court's "Order
2 Establishing Schedule for Disclosure Statement Approval and Plan Confirmation" [Dkt. 5673] and
3 outlined procedural requirements to provide corrections to the disclosure statement in "short concise
4 bullet points". Notwithstanding the objections stated above, I provide the following corrections to
5 the disclosure statement:

- 6 • In the "Fire Victims Claim Resolution Procedures Summary" [Dkt. 873-1] strike ~~NOTHING~~
7 ~~IN THE PLAN OR TRUST AGREEMENT REQUIRES YOU TO RECEIVE PAYMENT IN~~
8 ~~STOCK~~ and replace with "THE TRUST AGREEMENT SIGNIFICANTLY LIMITS THE
9 ABILITY OF THE TRUST MANAGER TO FREELY MANAGE THE TRUST TO THE
10 BENEFIT OF VICTIMS. THE TRUST AGREEMENT DOES NOT AFFORD VICTIMS
11 THE SAME INVESTOR FLEXIBILITY OF OTHER SHAREHOLDERS SO WILL
12 LIKELY DISADVANTAGE THE MANAGEMENT OF THE TRUST"
- 13 • In the "Fire Victims Claim Resolution Procedures Summary" [Dkt. 873-1] add the following
14 statement "If an attorney inadvertently solicited your approval to waive your vote prior to
15 finalizing the proposed plan or solicited your vote prior to plan approval, you still have the
16 right to change your vote now that the proposed plan has been prepared for a vote."
- 17 • Strike page 5, line 6 Accordingly, no Fire Victim Claim will be satisfied in stock. and replace
18 with "Accordingly, the Fire Victim Claim Trust is associated with significant financial risk."
- 19 • On page 5, line 7 add "Given the streamlined Fire Victims Claim Resolution Procedures,
20 attorney fees will be capped at 14%."
- 21 • On page 5, in the box on line 8 statement "No Fire Victim will receive stock of Reorganized
22 PG&E Corp. directly" add "Victim stock will be managed by a trust manager with additional
23 investment constraints not typical of other shareholders which will limit prudent
24 management"
- 25 • On page 5, on line 8 add "The Trustee of the Victim Trust will be paid "hourly" at a rate
26 of \$ _____ per hour, and annually at \$ _____ per year so will NOT have financial
27 incentives tied to the performance of the victim shares as part of the trust. Also, given
28 that the trustee will also be paid in this manner, the trustee will have incentives to hold
the stock over a longer period of time thus reducing the cash available for victims."
- On page 5 (line 9) add "NOTE: The amount and the degree to which FEMA and CAL OES
will seek damages from the victim settlement has not been determined and may significantly
affect the ability of victims to be "made-whole" through the trust."
- On page 5 (line 15-17) change to "The Debtors have provided no evidence how through this
plan of restructuring that they have reoriented their company to provide safe and reliable
service nor have they tied their bottom-line financials to wildfire mitigation performance-
based metrics. Despite this, it is also important to note that the Debtors still believe that the
Plan will enable the Debtors to support California's clean energy goals and ensure that PG&E
has access to sufficient resources to aggressively invest in capital improvements and wildfire
mitigation and to provide safe and reliable service to its customers and communities."

- 1 • On page 5 (line 18-20) change “Finally, the Debtors believe that upon implementation of the
2 Plan, PG&E will be able to participate in the recently authorized Go-Forward Wildfire Fund,
3 which is designed to support the creditworthiness of California electrical corporations and
4 provide a mechanism to attract capital for investment in safe, clean, and reliable power for
5 California at a reasonable cost to ratepayers.” to add “There are NO assurances that this
6 wildfire fund will be sufficient to support the Debtors through another PG&E caused
7 wildfire.”
- 8 • On page 6 (line 3-7) strike ~~IT IS THE OPINION OF THE PLAN PROPONENTS, THE~~
9 ~~AD HOC SUBROGATION GROUP, AND THE PUBLIC ENTITIES THAT~~
10 ~~CONFIRMATION AND IMPLEMENTATION OF THE PLAN IS IN THE BEST~~
11 ~~INTERESTS OF THE DEBTORS’ ESTATES, CREDITORS (INCLUDING ALL FIRE~~
12 ~~VICTIMS), AND SHAREHOLDERS. THEREFORE, THE DEBTORS AND ALL OF~~
13 ~~THE ABOVE GROUPS RECOMMEND THAT ALL CLAIMANTS AND~~
14 ~~SHAREHOLDERS, WHO ARE ENTITLED TO VOTE, VOTE TO ACCEPT THE~~
15 ~~PLAN.~~ Instead, state “THIS PLAN WILL TETHER THE FINANCIAL INTERESTS OF
16 VICTIMS TO THE DEBTORS. THESE FINANCIAL INTERESTS ARE
17 INEXTRICABLY LINKED TO THE DEGREE TO WHICH PG&E WILL BE ABLE
18 TO SUCCESSFULLY MITIGATE RISKS AND PROVIDE SAFE AND RELIABLE
19 SERVICE. OTHER CLAIMANT CLASSES HAVE BEEN PAID IN CASH OR HAVE
20 BEEN PROVIDED SECURED INVESTMENTS. IT IS ONLY THE INDIVIDUAL
21 VICTIMS THAT HAVE BEEN PROVIDED UNSECURED STOCK THROUGH THIS
22 TRUST.”
- 23 • On page 9 (line 20) add “The criminal convictions, neglected infrastructure and lack of
24 measurable wildfire mitigation contributed to PG&E entering into Chapter 11. These matters
25 remain largely unresolved and represent outstanding liabilities and risks that victims need to
26 consider as they evaluate this plan.”
- 27 • On page 10 (line 16) add “The date of emergence has not been set and therefore the date of
28 when the trust will be funded is uncertain. However, regardless of the date, the plan will
ensure that the shares on the date of emergence will be valued at \$6.75B.”
- On page 11 (line 18) add “There can be no assurance that this wildfire fund will be sufficient
to support another PG&E caused wildfire. Victims will be further tethered to these wildfire
risks through the victim trust and will hold approximately 21% of PCG shares if this plan is
approved. It is important to note that there can be NO assurances that these funds will be
available to victims to rebuild their homes and their lives.”
- On page 13 (line 13) add “THESE RELEVANT PENDING ENFORCEMENT
PROCEEDINGS AND OTHER FUTURE FINES AND PENALTIES COULD
NEGATIVELY AFFECT THE VALUE OF THE VICTIM TRUST. THE
INVESTIGATION INTO THE KINCADE FIRE OF 2019 IS STILL OUTSTANDING AND
COULD SIMILARLY IMPACT VICTIM STOCK PRICE DEPENDING UPON THE
OUTCOME OF THAT INVESTIGATION AND SUBSEQUENT LEGAL ACTION.”
- Modify page 13 (line 18) to read “The Debtor’s stated principal objectives of the Chapter 11
Cases are.”

- 1 • On page 17 (line 21) add “This settlement, your vote and/or the approval of this plan does
2 NOT preclude other Tubbs Fire Victims outside those of this settlement from seeking
3 criminal or civil actions against Debtors, Pacific Gas and Electric Corporation and/or
4 Pacific Gas and Electric Company.”
- 5 • On page 19 (line 11) add “The Ad Hoc Committee of Unsecured Noteholders was able to
6 negotiate asset liens and hedge their investments so dropped their competing plan. This
7 investor “security” was not provided to victims and given that the Noteholder RSA was
8 signed AFTER the TCC RSA, the implications of the Noteholder RSA could not have been
9 known by the TCC when they executed the agreement on behalf of individual victims.
10 Furthermore, there are clauses within the TCC RSA indicating that attorneys “SHALL” urge
11 victims to “support and vote to accept the amended plan”. Given this, it is incumbent upon
12 victims to seek outside advice to understand the benefits and risks if they choose to vote to
13 accept this plan.”
- 14 • On page 21 (line 8) strike “~~The Debtors do not believe there is any merit to the claims-~~
15 ~~asserted in the PSPS Adversary Proceeding and, as such, filed a motion to dismiss the PSPS-~~
16 ~~Adversary Proceeding on January 21, 2020.~~ “
- 17 • Given that the plan of reorganization does not include anything to substantively address safe
18 and reliable service strike first paragraph on page 22 “~~Over the past several months, the~~
19 ~~Debtors and their advisors have worked diligently with their... positioned to deliver safe and~~
20 ~~reliable service to its customers.”~~
- 21 • On page 23 (line 21) under “(b) Treatment” add “This Fire Victim Trust will be impaired and
22 will not have rights of other shareholders to sell the stock more freely when stock volatility is
23 apparent.”
- 24 • On page 28 (line 4) add “The Trustee will not have any financial incentives to maximize
25 return for fire victims. The hourly and quarterly costs associated with the management of the
26 trust will be deducted from the victim’s settlement.”
- 27 • On page 32 (line 18) add “Given that victims will be compensated 50% in shares through the
28 Victim Trust, the degree to which victims will be “made-whole” will be left unresolved
through this plan.”

1 If this motion does not precipitate a reconstitution and substantive rework of the PG&E plan
2 to mitigate these significant risks, the disclosure statement should be deemed unconfirmable. Instead,
3 if the plan and the associated disclosure statement remains largely unchanged, I recommend that the
4 following warning be added at the top of the disclosure statement so that claimants are made fully
5 aware of these unmitigated risks... **"Attention: The PG&E proposed restructuring plan does**
6 **NOT mitigate external climate change risks such as wildfires or ANY internal structural issues**
7 **that led to the neglect, deferred maintenance and mismanagement of their infrastructure and**
8 **associated services. Due to this lack of substantive reform in the plan, extensive PG&E caused**
9 **wildfires are likely to follow in the short-term."**

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11 Dated: March 6, 2020

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13 Respectfully submitted,

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15 William B. Abrams
16 Claimant
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